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FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC 9462
INFO RUCNWTO/WORLD TRADE ORGANIZATION COLLECTIVE
RUEHBJ/AMEMBASSY BEIJING 3121
RUEHFR/AMEMBASSY PARIS 6625
RUEHBY/AMEMBASSY CANBERRA 3369
RUEHRO/AMEMBASSY ROME 2331
RUEHUL/AMEMBASSY SEOUL 9802
RUEHRL/AMEMBASSY BERLIN 1688
RUEHOT/AMEMBASSY OTTAWA 0053
RUEHNAG/AMCONSUL NAGOYA 5881
RUEHNH/AMCONSUL NAHA 1212
RUEHOK/AMCONSUL OSAKA KOBE 2695
RUEHKSO/AMCONSUL SAPPORO 9366
RUEHFK/AMCONSUL FUKUOKA 8879
RHEHAAA/NSC WASHDC
RUEATRS/TREASURY DEPT WASHDC
RHMCSUU/DEPT OF ENERGY WASHINGTON DC
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC
RULSDMK/DEPT OF TRANSPORTATION WASHINGTON DC
RUEHBS/USEU BRUSSELS
RHEHAAA/WHITE HOUSE WASHDC

UNCLAS SECTION 01 OF 02 TOKYO 000319

SENSITIVE
SIPDIS

STATE FOR EAP/J
STATE ALSO FOR EEB/TRA, S/SECC, OES/EGC, AND EEB/IEP
PASS TO NSC D. RUSSELL
PASS TO USTR FOR AUSTR CUTLER AND M. BEEMAN
PASS TO COMMERCE FOR H. MISISCO, K. ROTH, D. BARZDUKAS
PASS TO EPA FOR S. FULTON
PASS TO DOT FOR L. LAWSON, C. MILTTELHOLTZ
PASS TO NHTSA FOR R. MEDFORD AND M. KOUBEK

E.O. 12958: N/A
TAGS: [EIND](#) [ETRD](#) [SENV](#) [PREL](#) [WTRO](#) [ENRG](#) [JA](#)
SUBJECT: JAPAN HOPES TOYOTA'S ILLS DO NOT DAMAGE BILATERAL
RELATIONSHIP

REF: TOKYO 221

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¶1. (SBU) Summary: The GOJ does not want Toyota's recent problems to damage the U.S.-Japan relationship, Ministry of Land, Infrastructure, Transport and Tourism (MLIT) Minister Seiji Maehara told the Ambassador February 10. Minister Maehara met the Ambassador to discuss Toyota's safety recalls and the eco-car subsidy program (reftel) due to his concern that these auto issues could damage bilateral relations. Maehara also used the meeting as an opportunity to raise two additional issues: high-speed rail and Kadena Radar Approach Control (RAPCON), but press coverage of the meeting focused almost exclusively on Toyota. End summary.

Toyota Vehicle Recalls

¶2. (SBU) In a February 10 meeting with the Ambassador, Maehara said the GOJ wants to ensure that Toyota's problems do not undermine U.S.-Japan relations nor create obstacles to trade. Maehara told the Ambassador the U.S.-Japan bilateral relationship is the cornerstone of Japanese international policy, so it is important to resolve the issue amicably. Maehara does not view filing for a recall as negative; rather, it is the right thing to do, and manufacturers should be willing to do so for the sake of consumers. Toyota President Akio Toyoda plans to visit the United States to explain the situation to stakeholders, including Congress,

and to convince the American public of the company's "good faith," Maehara continued. (Note: Toyota representatives told emboffs Toyoda will visit the United States in March. End note.) The Ambassador responded it is crucial for Toyota to stay ahead of the issue and also that both governments do what is necessary to ensure Toyota's problems do not affect the bilateral relationship. After the meeting, the Ambassador told the press Toyota's safety recall is a safety issue that does not affect the strong bilateral relationship between the United States and Japan.

Eco-Car Subsidy Program

¶3. (SBU) Maehara stated that although USTR requested the GOJ use the U.S. Environmental Protection Agency (EPA) combined mileage rating to determine eligibility of U.S. imported vehicles for Japan's eco-car subsidy program (reftel), the GOJ decided to use the EPA city mode, which MLIT believes better corresponds to the Japanese mileage rating. These eligibility parameters ensure that roughly 50 percent of imported U.S. vehicles and 40 percent of European vehicles qualify for the program. In contrast, the combined mileage rating would have qualified 90 percent of imported U.S. vehicles, which would have provoked complaints from Japanese and European companies, Maehara asserted. Since most U.S. vehicles are imported under a special preferential program (the Preferential Handling Program, see reftel), use of the combined mileage rating would constitute a "double" preference. The Ambassador replied that the USG was disappointed with the GOJ's decision to use the city mileage rating, and that the eco-car subsidy issue will likely continue to garner attention in the United States. The

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Ambassador also stressed it is crucial for the GOJ to remain committed to transparency and opening the market for free trade.

High-Speed Rail

¶5. (SBU) Maehara thanked the Ambassador for cooperation from Secretary LaHood and from Congress during the recent high-speed rail seminar in the United States.

Kadena RAPCON

¶6. (SBU) Regarding the Kadena Radar Approach Control (RAPCON), Maehara said, the GOJ requests final agreement from the USG on this issue before the beginning of March so that the GOJ has time for a period of notification and public announcement.

Comment

¶7. (SBU) Japanese media reported widely on the meeting but focused almost exclusively on the Toyota issue. The press has speculated on the cause of Toyota's safety problems, with many analysts suggesting they are a harbinger of the decline of Toyota and of the Japanese manufacturing sector more broadly. For many GOJ bureaucrats and Japanese auto executives, any and all auto issues seem to trigger memories of bilateral trade friction in the 1980s and 90s. Since the global economic downturn began in late 2008, on many occasions these stakeholders expressed informally to emboffs their desire to avoid renewal of trade friction in the auto sector; Maehara's message appears to have been an official expression of those simmering concerns.

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